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THE DEBATE OVER JAPANESE INVESTMENT IN THE UNITED STATES

Summary

Foreign investment in the United States could soon rival trade as this country's major international economic policy concern. The increase in foreign acquisitions of U.S. companies and properties is spreading talk about "the buying of America." A number of people are even questioning whether the parallel growth of new direct investment is a plus for the economy. Doubts have also surfaced about the huge volume of foreign money invested in U.S. corporate and government securities or sitting in American bank accounts. In each case the worry is the same -- that the United States is ceding control of its economy to foreigners, particularly the Japanese.

The concern about Japanese investment is misplaced. Japan is not the biggest foreign investor in the United States and it is unlikely to catch up with direct and portfolio investment leader Britain in the foreseeable future. Moreover, while takeovers are on the upswing, Japanese investors, regardless of their business, still prefer to start from scratch. There is also no evidence that Japanese manufacturers investing in the United States are targeting strategic industries or companies. This country's dependence on Japanese capital to fund part of the federal budget deficit and finance corporate growth is a problem, but that is the result of the low U.S. savings rate.

New Concerns About Foreign Investment

Is foreign investment in the United States good for the economy? A few years ago the answer would have automatically been yes, but the sheer volume of

foreign investment and its rapid buildup are causing doubts. Foreign assets in this country soared from $416 billion at the start of the 1980s to an estimated $1.5 trillion at the end of 1987, with almost half of this jump coming in just the last two years. More than four-fifths of the total is invested in financial assets, including roughly $500 billion in bank deposits, $350 billion in corporate stocks and bonds and $300 billion in Treasury securities. The other $250 billion reflects the net book value of foreign direct investment in the United States -- defined as a foreign equity interest of 10 percent or more in a U.S. business or property.

Reagan administration policymakers have no doubts about the benefits of foreign purchases of government and corporate securities, crediting Japanese and other foreign investors with helping keep U.S. interest rates down and the current economic expansion going into its sixth year. Equally clear-cut to them are the advantages of foreign investment in manufacturing, distribution, financial services and other sectors of the economy. This activity, they argue, promotes growth by creating jobs, expanding the industrial base, generating income and tax revenues, and boosting exports. It also facilitates the introduction of new product and process technologies and management techniques and increases competition. Attaching some numbers to these claims, government economists note that the nonbank U.S. affiliates of foreign investors employed 3 million Americans at the end of 1986, including nearly 7 percent of all manufacturing workers, paid $86.6 billion in wages and salaries, and accounted for nearly one-fourth of total U.S. exports.

Most Americans readily agree that foreign investment benefits the economy, but a cross-section of legislators, economists, business people, commentators and the public is starting to question whether all foreign investment is good for the United States. Are new plants in industries with excess capacity beneficial? Are foreign takeovers of major American companies healthy? Should foreign investment be limited in high technology industries and other strategic areas of the economy? How will the United States finance the interest payments on its huge and expanding international debt? Going one step farther, these skeptics ask whether the increasing volume of investment from abroad, portfolio as well as direct, gives foreigners too much influence on U.S. economic policy formation and the political process. To them the answer is already yes, even though foreign holdings in this country represent just 5 percent or so of all financial assets and an equally small proportion of tangible assets.

The growing American ambivalence toward foreign investment was captured in a recent poll by Smick-Medley & Associates Inc., a Washington consulting firm. A majority of the sample agreed that foreign direct investment creates additional jobs, introduces new and better business techniques and promotes competition, yet 40 percent backed legislation barring further investment while 89 percent thought foreign investors should be required to register. A late March Roper Organization poll for U.S. News & World Report identified similar worries that the benefits of foreign investment come at the expense of less economic control, with a plurality of the respondents objecting to the construction of foreign-owned plants in the United States even if that investment means more jobs. Moreover, 84 percent said that foreign purchases of American

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companies and real estate hurt the economy, and by margins of at least 72 percent the people polled supported restrictions on foreign acquisitions of American high technology businesses, manufacturing companies, properties and firms making products vital to national security.

Whether on Capitol Hill, in the media or at the grass roots, the second thoughts about foreign investment increasingly center on the activities of one group of investors -- the Japanese. The USN&WR poll, for example, indicated that 58 percent of Americans were uncomfortable with the level of Japanese investment but only 37 percent were troubled by European investment. Surprising? In one sense, yes, since Japan, despite the conventional wisdom, is not the biggest investor in the United States and is unlikely to take over the number-one spot any time soon. That position is firmly held by Europe, which controlled an estimated $780 billion worth of U.S. assets at the end of 1987 -- exactly half of foreign-owned financial and fixed assets here. The runner-up -- at $268 billion or so -- is Latin America. Only then comes Japan at roughly $195 billion.

Impressions aside once more, Japan is also a distant third in the direct investment rankings. Its $30.9 billion stake in U.S. distribution operations, manufacturing facilities, real estate, and banking and finance ventures on December 31, 1987 paled next to the United Kingdom's $70.5 billion tally and the Netherlands' total of $51.5 billion (see Tables 1 and 2). True, Japanese investors have been expanding their holdings at a fast clip over the last few years but not that much faster percentage-wise than their British counterparts, who put $19.1 billion into American businesses and properties in 1987 compared with a $7.4 billion addition for Japan. Perception and reality are even farther apart when it comes to Japan's investment in the manufacturing sector since it trails not only the U.K. and the Netherlands but West Germany, Switzerland, France and Canada as well.

Despite the numbers, it is really not surprising that Japanese investment troubles the public more than Europe's expanding U.S. presence. Media attention alone almost guarantees that outcome. Over the last two years virtually every major American business magazine, news weekly and newspaper has run at least one cover story or feature article on what Japanese direct investors are doing in the United States, particularly in the manufacturing sector, but rarely does the coverage of European or Canadian investment go beyond individual transactions, ususally takeovers. Similarly, periodic reports that Japan's institutional investors might reduce their purchases of Treasury securities or pull some of their money out of the stock market leave the impression that the Japanese are the only foreign investors that count when it comes to interest rates or the stock market's performance; in fact, European institutional investors also play a critical role because of the size of their holdings.

The reaction to Japanese investment is also a by-product of the continuing debate over the causes of the huge U.S. trade deficit. Accustomed to singling out Japan's trade practices both here and at home as the major problem, many American naturally associate the perceived drawbacks of increased foreign investment with the activities of Japanese investors. For others, anxious about the erosion of this country's world economic and technical leadership, the expansion of Japanese-owned businesses in the United States is a constant reminder that Japan is the primary challenger.

Table 1: Foreign Direct Investment Position in the United States, Yearend 1982-1987

(in millions of dollars)

	1982	1983	1984	1985	Preliminary 1986	Estimated 1987
United Kingdom	$28,447	$32,152	$38,387	$43,555	$51,397	$70,451
Netherlands	26,191	29,182	33,728	37,056	42,852	51,453
Japan	9,677	11,336	16,044	19,313	23,433	30,850
Canada	11,708	11,434	15,286	17,131	18,312	19,673
West Germany	9,850	10,845	12,330	14,816	17,356	17,416
Total	124,677	137,061	164,583	184,615	209,329	249,911
of which:						
Manufacturing	44,065	47,665	51,802	59,584	68,057	84,796
Wholesale Trade	18,397	21,031	24,455	29,051	31,927	34,269
Petroleum	17,660	18,209	25,400	24,231	24,962	n.a.
Real Estate	11,520	14,636	17,761	19,402	21,231	23,519
Insurance	7,928	8,665	8,922	11,806	13,623	16,353
Banking	7,846	8,697	10,326	11,377	12,388	12,729
Retail Trade	5,207	5,482	6,764	6,822	9,754	n.a.
Finance	2,159	2,269	5,633	4,246	4,903	7,325
Mining	1,876	1,928	3,920	4,039	4,665	n.a.
Other	8,019	8,478	9,599	14,058	17,820	19,218

Source: Department of Commerce

Table 2: Japan's Foreign Direct Investment Position in the United States, Yearend 1982-1987

(in millions of dollars)

	1982	1983	1984	1985	Preliminary 1986	Estimated 1987
Total	$9,677	$11,336	$16,044	$19,313	$23,433	$30,850
Wholesale Trade	6,126	7,823	9,689	11,796	12,963	14,334
Manufacturing	1,624	1,605	2,460	2,738	3,017	4,633
Real Estate	396	515	744	1,536	2,480	4,182
Banking	1,325	1,384	1,853	2,160	2,745	3,222
Finance	-570	*	513	51	480	2,004
Retail Trade	151	234	252	251	292	n.a.
Insurance	169	182	138	119	*	n.a.
Mining	4	*	7	7	*	n.a.
Petroleum	113	-408	-88	31	-24	n.a.
Other	339	430	475	622	1,212	1,920

*Suppressed to avoid disclosure of data on individual companies.

Source: Department of Commerce

Then there is all the talk about the "buying of America." With the dollar's steep drop against the yen and major European currencies, U.S. assets now cost foreigners as little as half of what they did three years ago. No matter that European and Canadian businesses have a long record of takeovers while their Japanese counterparts are newcomers to the mergers and acquisitions game, American opinion leaders and the public alike worry more about Japanese investors capitalizing on the yen's increased purchasing power than other foreigners using their extra financial leverage. Report after report of Japanese companies buying prime commercial real estate in New York City, Los Angeles and other major metropolitan areas -- often at record prices -- certainly factor into these fears, but what really troubles most people is that Japanese competitors will buy their way into a dominant position in the manufacturing and financial services sectors.

Misplaced Concerns About Japanese Investment

There is no question that Japanese acquisitions of domestic manufacturing facilities are on the rise. In just the first four months of 1988 Japanese companies finalized arrangements to purchase majority interests in 25 production operations -- not far off 1987's full-year tally of 33 or the comparable figure of 34 in 1986 (see Appendix). But one thing has stayed the same: Japanese corporations still prefer small acquisitions. In a world where billion-dollar deals no longer rate front-page coverage and $100 million takeovers are considered routine business transactions, the vast majority of Japanese purchases fall into the $50 million and under category, with most well below $20 million. Only 21 of the 200 or so majority buyouts undertaken to date by Japanese investors cost more than $50 million and just 13 had price tags of $100 million-plus (see Table 3).

Even with a continued increase in the number of Japanese acquisitions, that split is unlikely to vary much. Moreover, huge transactions like Bridgestone Corp.'s $2.6 billion takeover of Firestone Tire & Rubber Co. or the $2 billion purchase of CBS Inc.'s records operations by Sony Corp. will remain the exception. For one thing, not many Japanese companies are sitting on enough cash to go after big targets and few are willing to take on a sizable amount of debt to finance what is generally their first acquisition. Nor do most firms feel they have the experience in the United States to manage a large, established manufacturing venture.

There is also another part to the equation. Since Japanese businesses interested in acquisitions steer clear of hostile takeovers, their options are limited to what is for sale and that rarely includes Fortune 500-type manufacturers. The normal candidates are small companies in slow-growing businesses, secondary players in highly competitive industries and startups needing money to expand. In other cases manufacturers put on the market divisions or individual plants that no longer fit their long-term strategies.

At the same time, smaller deals often offer Japanese manufacturers exactly what they are looking for when they decide to go the takeover route. Topping this list are operations that complement existing product lines, although gaining a foothold in the American market runs a close second. Diversification, often into high technology fields, is the major objective for other companies, particularly businesses in smokestack industries. Some are interested in product or process know-how that will strengthen the competitiveness

Table 3: Major Japanese Acquisitions in the U.S. Manufacturing Sector*

(in millions of dollars)

Investor	Manufacturer	Amount	Year
Bridgestone Corp.	Firestone Tire & Rubber Co.	$2,600.0	1988
Sony Corp.	CBS Inc.'s records operations	2,000.0	1988
Paloma Industries Ltd.	Rheem Manufacturing Co. (water heaters/air conditioners)	800.0**	1988
Dainippon Ink & Chemicals, Inc.	Sun Chemical Corp.'s graphic arts division (printing ink/pigments)	550.0	1986
Dainippon Ink & Chemicals, Inc.	Reichhold Chemicals Inc. (adhesives/polymers)	540.0	1987
Nippon Kokan K.K.	National Steel Corp. (50%)	292.0	1984
Sumitomo Rubber Industries, Ltd.	Dunlop Tire Corp.	245.0	1986
Fujitsu, Ltd.	Amdahl Corp. (19.5% to total of 46%) (computer equipment)	189.2	1984
Mitsubishi Mining & Cement Co., Ltd.	Kaiser Cement Corp.'s Cushenbury, CA cement operations	185.0	1988
Sunstar Inc.	John O. Butler Co. (toothbrushes)	163.5	1988***
Minebea Co., Ltd.	New Hampshire Ball Bearings Inc.	110.0	1985
Matsushita Electric Industrial Co., Ltd.	Motorola Inc.'s consumer electronics division	108.0**	1974
Showa Denko K.K.	BOC Group Inc.'s Airco Carbon division (graphite electrodes)	100.0	1988***
Suntory Ltd.	PepCom Industries Inc. (soft drinks)	100.0	1980
Juki Corp.	Union Special Corp. (industrial sewing machines)	92.8	1988***
Takata Corp.	Burlington Industries Inc.'s Industrial Fabrics division	79.0	1988
Daishowa Paper Manufacturing Co., Ltd.	James River Corp.'s Port Angeles, WA paper mill	75.0	1987
Hitachi Zosen Corp.	Clearing Inc. (stamping presses)	64.0	1986
Mitsubishi Heavy Industries, Ltd.	Beloit Corp. (20%) (pulp/paper making machinery)	60.0	1986
Onoda Cement Co., Ltd.	Lone Star Industries Inc.'s AK, OR and WA concrete/aggregates operations (50%)	60.0	1987
NTN Toyo Bearing Co., Ltd.	Federal Mogul Corp.'s bearings operations (60%)	54.0**	1985
Bridgestone Corp.	Firestone Tire & Rubber Co.'s LaVergne, TN truck tire plant	52.0	1982
Dainippon Ink & Chemicals, Inc.	Polychrome Corp. (84%) (industrial chemicals, film/plates)	52.0	1979

*Covers transactions through early May 1988. Unless otherwise indicated, the Japanese investor acquired all shares of the listed American manufacturing company.
**Estimated.
***Pending.

Note: For a complete listing of recent Japanese acquisitions in the U.S. manufacturing sector, see the Appendix.

of current products areas, but many would-be Japanese buyers of U.S. companies in high technology and other strategic industries have been scared off by the reaction to Fujitsu, Ltd.'s October 1986 attempt to acquire a controlling interest in Fairchild Semiconductor Corp. and subsequent signs of economic nationalism in this country.

One problem with all the talk of takeovers is that it obscures a basic fact about Japanese investment in the U.S. manufacturing sector: starting from the ground up is still the preferred alternative. New majority-owned production companies outnumbered acquisitions by a three-to-one margin last year and two to one in 1986. The split will probably be closer for 1988, but startups should be on top. This will provide added proof that critics are off base when they charge that Japanese investment does not really create that many jobs since much of the money goes into acquisitions. From the Japan Economic Institute's study of manufacturing and assembly companies in operation or under construction at the end of 1986 (see JEI Report No. 47A, December 18, 1987), it is already clear that Japanese investors are generating new employment opportunities for American workers. Even if every single job associated with acquired production companies is subtracted from the total job count, 70,000 positions are still left.

The critics have a fallback position, claiming that a significant number of the new jobs created by Japanese plant construction will eventually displace existing jobs in American-owned companies. This argument is primarily an outgrowth of the huge investment Japan's automotive manufacturers have made in U.S. production facilities. Told in the early 1980s that if they wanted to sell here they should produce here, Japanese competitors are now being accused by United Auto Workers union officials and automotive state legislators of exacerbating Detroit's capacity problems and contributing to the job losses in the industry. They maintain that in the soft American vehicle market of the late 1980s and early 1990s, the seven Japanese-affiliated car and truck operations in this country will take sales away from U.S. automotive makers on a one-for-one basis. This conclusion is not shared by industry analysts, many of whom argue that transplant sales will come largely at the expense of imports. But a recent U.S. General Accounting Office report found that even if 60 percent of the 1.8 million vehicles Japanese-affiliated plants are expected to produce in 1990 displace Big Three output, the transplant operations will create more final assembly and supplier jobs than are lost.

The automotive parts industry picks up the job-displacement argument at this point. It charges that the fast-expanding number of plants set up here by Japanese parts producers eliminates any chance that American suppliers can maintain employment at current levels. Japanese makers have built-in advantages in selling to Japanese-affiliated vehicle operations in this country because of the close ties between parts suppliers and motor vehicle manufacturers in Japan, domestic industry representatives say. They are also quick to charge that the competition has another, equally unfair edge in bidding for the growing amount of transplant business and the increasing volume of work outsourced by Detroit. That alleged advantage is the lower cost of investment resulting from state and local government economic incentives.

Whether the incentive packages provide a competitive advantage to Japanese parts suppliers and other manufacturers building U.S. plants is questionable. There is no debate, though, when it comes to the fairness issue. Despite

all the publicity about the competition among states for Japanese investment and the jobs this brings, Japanese companies moving into this country do not receive special treatment. Low-cost loans, grants, training funds, tax breaks and other incentives are available to any business, domestic or foreign, willing to build a facility in a new location or interested in expanding an existing operation.

Claims that Japanese companies investing in the United States have an unfair competitive advantage are nothing new; they have dogged Japanese banks for years. Japanese banks have rapidly expanded their American operations over the last 15 years or so, initially by catering to the banking needs of Japanese corporate clients in this country and more recently by developing a clientele among domestic businesses (see JEI Report No. 3A, January 22, 1988). But a number of acquisitions in the key California market (see Table 4) has also bolstered their position. And each triggers the same criticism from the U.S. banking industry: that Japanese banks operating in California are allowed to make purchases that are off-limits for out-of-state institutions and that federal regulators do not require them to meet the same standards of financial soundness as domestic banks.

This criticism should abate in the future since interstate banking is coming to California in 1991 and Japan has signaled its support for an international proposal to establish uniform capital adequacy ratios for the world's banks (see JEI Report No. 47B, December 18, 1987). Unfortunately, Japanese manufacturers investing in the United States will not get off the hook any time soon.

For further information, contact Susan MacKnight.

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The views expressed in this report are those of the author and do not necessarily represent those of the Japan Economic Institute.

JEI Report will not be published on June 3 because of the Memorial Day holiday. The next issue will be dated June 10, 1988.

Table 4: Major Japanese Acquisitions in the U.S. Financial Sector*

(in millions of dollars)

Investor	Institution	Amount	Year
Commercial Banks			
Bank of Tokyo, Ltd.	Union Bank	$750	1988**
Group of 59 banks, securities firms and insurance companies	BankAmerica Corp.***	350	1987
Mitsubishi Bank, Ltd.	BanCal Tri-State Corp.	282	1984
Sanwa Bank, Ltd.	Lloyds Bank of California	263	1986
Mitsui Bank, Ltd.	Manufacturers Bank of Los Angeles	170	1981
Industrial Bank of Japan, Ltd.	J. Henry Schroder Bank & Trust Co. (75%)	110	1985
Bank of Tokyo, Ltd.	Southern California First National Bank	68	1975
Tokai Bank, Ltd.	Continental Bank	29	1981
Mitsubishi Bank, Ltd.	First National Bank of San Diego County	27	1981
Sanwa Bank, Ltd.	Golden State Bank	25	1978
Brokerage Houses/Investment Banks			
Nippon Life Insurance Co., Ltd.	Shearson Lehman Brothers Inc. (13%)	538	1987
Sumitomo Bank, Ltd.	Goldman Sachs & Co. (12.5%)	500	1986
Yasuda Mutual Life Insurance Co., Ltd.	PaineWebber Group Inc. (18%)	300	1987
Nomura Securities Co., Ltd.	Eastdil Realty Inc. (25%)	25	1987
Primary Dealers			
Industrial Bank of Japan, Ltd.	Aubrey G. Lanston & Co.****	234	1986
Sanwa Bank, Ltd.	Brophy, Gestal, Knight & Co. (80%)	80	1988**
Fuji Bank, Ltd.	Kleinwort Benson Government Securities Inc. (24.9%)	15	1988**
Finance Companies			
Fuji Bank, Ltd.	Walter E. Heller International Corp.	425	1984
Sanwa Bank, Ltd.	Continental Illinois Leasing Corp.	50	1985
Mitsui & Co., Ltd.	American Acceptance Corp.	34	1987
Lake Co., Ltd.	Imperial Thrift and Loan Association	14	1984

*Covers transactions through early May 1988. Unless otherwise indicated, the Japanese investor acquired all shares of the listed American financial institution.

**Pending.

***Capital infusion.

****The purchase was made through J. Henry Schroder Bank & Trust Co., in which IBJ has a 75 percent interest.

APPENDIX: Japanese Acquisitions of U.S. Manufacturing Companies*

(in millions of dollars)

1988 Transactions

Investor	Manufacturer	Amount
Bridgestone Corp.	Firestone Tire & Rubber Co.	$2,600.0
Sony Corp.	CBS Inc.'s records operations	2,000.0
Paloma Industries Ltd.	Rheem Manufacturing Co. (water heaters/air conditioners)	800.0**
Mitsubishi Mining & Cement Co., Ltd.	Kaiser Cement Corp.'s Cushenbury, CA cement operations	185.0
Sunstar Inc.	John O. Butler Co.*** (toothbrushes)	163.5
Showa Denko K.K.	BOC Group Inc.'s Airco Carbon division*** (graphite electrodes)	100.0
Juki Corp.	Union Special Corp.*** (industrial sewing machines)	92.8
Takata Corp.	Burlington Industries Inc.'s Industrial Fabrics division	79.0
Kirin Brewery Co., Ltd.	Coca-Cola Bottling Co. of Northern New England (75% did not own)	46.5
CKD Corp.	Templeton Kenly & Co.*** (cylinders/jacks)	40.0
Sakata Corp.	Acme Printing Ink Co. (75% did not own)	40.0
Sanden Corp.	Vendo Co. (vending machines)	24.3
Furukawa Electric Co., Ltd.	Bell Industries, Inc.'s magnetic disk division	20.0
Nakano Vinegar Co., Ltd.	Indian Summer Inc.'s Evansville, IN and Belding, MI vinegar plants	10.5
Graphtec Corp.	Precision Image Co. (36% for total of 40.7%) (plotters)	7.0
Sunwave Industrial Corp.	Caddy Corp. of America*** (kitchen equipment)	5.0
Taiyo Yuden Co., Ltd.	Xentek, Inc. (80%) (power supplies)	5.0
Riken Corp.	Duriron Co., Inc.'s Modern Industrial Plastics division	4.5
Hermanos Miwa Inc.	J.G. Tilp, Inc. (plastic molds)	2.0
A&D Co., Ltd.	Zonic Corp. (30%) (analyzers)	2.0
Tokyo Tokushu Nekko Co., Ltd.	International Pressure Service Inc. (isotatic presses)	0.8**
Kao Corp.	Andrew Jergens Co.*** (personal care products)	n.a.
Kawai Musical Instruments Co., Ltd.	Lowrey Industries Inc. (organs/pianos)	n.a.
Rohto Pharmaceutical Co., Ltd.	Mentholatum Co.*** (pharmaceuticals)	n.a.
Suntory Ltd.	Polar Water Co. (bottled water)	n.a.
Taiyo Oil Co., Ltd.	John T. Handy Co. (seafood processing)	n.a.
Yamaha Corp.	Sequential Circuits Inc. (electronic musical instruments)	n.a.

1987 Transactions

Investor	Manufacturer	Amount
Dainippon Ink & Chemicals, Inc.	Reichhold Chemicals Inc. (adhesives/polymers)	$540.0
Daishowa Paper Manufacturing Co., Ltd.	James River Corp.'s Port Angeles, WA paper mill	75.0
Onoda Cement Co., Ltd.	Lone Star Industries Inc.'s AK, OR/WA concrete/aggregates operations (50%)	60.0
Yoshida Kogyo K.K.	Universal Fasteners, Inc. (buttons/snaps)	48.0
Ryobi Ltd.	Inertia Dynamics Corp. (60% for total of 94%) (weed trimmers/ leaf blowers)	47.2**
NEC Corp.	Honeywell Inc.'s information systems division (15%)	47.0
Tateho Chemical Industries Co., Ltd.	Advanced Composite Materials Corp. (silicon-carbide whiskers)	25.0
Kubota, Ltd.	Mips Computer Systems Inc. (20%) (computers)	22.6
Marubeni Corp.	Helena Chemical Co. (agricultural chemicals)	21.0**
Nitto Electric Industrial Co., Ltd.	Hydranautics Inc. (membranes/water purification systems)	19.2**
Nippon Piston Ring Co., Ltd.	Goetze Corp. of America (25%) (piston rings/gaskets)	18.0
House Food Industrial Co., Ltd.	Foremost Dairies-Hawaii	15.5
Kubota, Ltd.	Akashic Memories Corp. (hard disks)	15.4**
Kao Corp.	High Point Chemical Corp. (textile/industrial chemicals)	13.3**
NHK Spring Co., Ltd.	Neoax Inc.'s Mather Metals division (automotive stabilizers)	11.5
Nippon Steel Corp.	GTX Corp. (25%) (computer equipment)	10.0
Aderans Co., Ltd.	International Hairgoods Inc. (hairpieces)	9.3
FSK Inc.	Madico, Inc. (solar control/metallized film)	8.3
Ito-En Co., Ltd.	Shimoko and Sons (soft drinks)	7.0
Okabe Co., Ltd.	Elco Industries Inc. (11%) (fasteners)	6.9**
Leonix Corp.	Cooper LaserSonics, Inc.'s ion laser division	6.0
Marubeni Corp./Fuji Electric Co., Ltd.	RPC Industries (34.4%) (industrial curing systems)	5.0
Sapporo Breweries Ltd.	St. Clement Vineyards (wine)	5.0
Sumitomo Bakelite Co., Ltd.	Sheldahl Inc. (10%) (printed circuit boards)	4.9
Nippon Mining Co., Ltd.	Irvine Scientific Sales Co., Inc. (80%) (culture mediums)	3.6
Marubeni Corp.	Autron Inc. (paper)	3.5
Chugai Boeki Co., Ltd.	Vicon Industries Inc. (10.8%) (closed-circuit TV systems)	3.0
Mitsubishi Metal Corp.	Cox Creek Refining Co. (20%) (electrolytic copper/copper wire)	3.0

1987 Transactions (continued)

Investor	Manufacturer	Amount
Nakano Vinegar Inc.	Indian Summer Inc.'s Sodus, NY vinegar plant	$2.1
Sapporo Breweries Ltd.	Abbott Vineyards (wine)	1.0
Sanraku Inc.	Markham Vineyards (wine)	0.7**
Yamamoto Kogaku Co., Ltd.	Elastomer Technology Inc. (urethane products)	0.3
Asahi Diamond Industrial Co., Ltd.	Permattach Diamond Tool Corp. (50%) (industrial diamond tools)	n.a.
Asahi Glass Co., Ltd. (50%)/ Olin Corp. (50%)	Aegis Inc. (IC packages)	n.a.
Kirin Brewery Co., Ltd.	Coca-Cola Bottling Co. of Northern New England (25%)	n.a.
Kobe Steel, Ltd.	Breed Automotive Corp. (20%) (automotive air bags)	n.a.
Kokusan Kinzoku Kogyo Co., Ltd.	Master Cast Co. (70%) (die castings)	n.a.
Misuzu Coffee Co., Ltd., Mitsubishi Corp./Sumida Corp.	Hill & Hill Kona Coffee Specialists Inc.	n.a.
Mitsubishi Chemical Industries, Ltd.	Western Litho Plate & Supply Co. (printing plates)	n.a.
Mitsui & Co., Ltd.	Kaiser Steel Tubing Inc.	n.a.
Otsuka Pharmaceutical Co., Ltd.	Ridge Vineyards (wine)	n.a.
Sakata Corp.	Acme Printing Ink Co. (25%)	n.a.
Sekisui House, Ltd.	West Coast Forest Products Inc. (lumber)	n.a.
Svany Corp.	Elmer Little & Sons Inc. (gloves)	n.a.
Toyoda Machine Works Ltd.	Grinders for Industry Inc. (machine tools)	n.a.

1986 Transactions

Investor	Manufacturer	Amount
Dainippon Ink & Chemicals, Inc.	Sun Chemical Corp.'s graphic arts division (printing ink/ pigments)	$550.0
Sumitomo Rubber Industries, Ltd.	Dunlop Tire Corp.	245.0
Hitachi Zosen Corp.	Clearing Inc. (stamping presses)	64.0
Mitsubishi Heavy Industries, Ltd.	Beloit Corp. (20%) (pulp/paper making machinery)	60.0
NGK Insulators, Ltd.	Cabot Corp.'s Wrought Products division	45.0
Fujikura Ltd. (49%)/Aluminum Co. of America (51%)	PEP Industries Inc. (automotive wire harnesses)	35.0
Mitsubishi Mining & Cement Co., Ltd./ Mitsubishi Corp.	Siltec Corp. (silicon wafers)	33.0
Settsu Corp.	MedaSonics, Inc. (ultrasound diagnostic equipment)	15.0
Ryobi Ltd.	Inertial Dynamics Corp. (34%) (weed trimmers/leaf blowers)	12.4**
Toshiba Ceramics Co., Ltd.	Quartz International Corp. (quartz/pyrex apparatus)	11.4
Sanyo Electric Co., Ltd.	Design & Manufacturing Corp.'s Richmond, IN refrigerator plant	11.0
Dainichiseika Colour & Chemicals Manufacturing Co., Ltd.	Pope Chemical Co. (pigments)	10.0
Kanzaki Paper Manufacturing Co., Ltd.	Ludlow Corp.'s Ware, MA paper mill	10.0
Tsubakimoto Chain Co.	Union Chain Co.	10.0
Rohm Co., Ltd.	Exel Microelectronics, Inc. (integrated circuits)	5.7
Mitsui & Co., Ltd.	Bioproducts, Inc. (pet food flavorings/fish food)	5.2
Nippon Sanso K.K. (50%)/AmeriGas Corp. (50%)	Isotec Inc. (stable isotopes)	5.0**
Toyoshima Special Steel Co., Ltd.	Service Spring Co. (leaf springs)	5.0
Fuji Filter Manufacturing Co., Ltd.	Michigan Dynamics, Inc. (35%) (filters)	4.0
Dainippon Ink & Chemicals, Inc.	Rachwal Systems, Inc. (camera systems)	3.9
Yazaki Corp.	Circuit Controls Corp. (terminals for wire harnesses)	3.75
Otsuka Pharmaceutical Co., Ltd.	Phospho-Energetics Inc. (40%) (NMR imaging systems)	3.0
Hosokawa Micron Corp.	W.W. Criswell Corp. (industrial filter bags)	2.5
Fuji Steel Co., Ltd.	Oliver America High Point Woodworking Co., Inc. (furniture)	2.1
Sokkisha Co., Ltd.	Pyramid Optical Corp. (optical prisms)	2.1
Nakano Vinegar Co., Ltd.	Lyndonville Vinegar Inc.	2.0
Kawasho Corp.	Western Metal Building Products Co., Inc.	1.3
Kotobuki Seating Co., Ltd.	Interkal, Inc. (40%) (indoor seating)	1.3**
Nitto Boseki Co., Ltd.	International Immunology Corp. (65%) (diagnostic reagents)	1.3
Mitsubishi Rayon Co., Ltd.	Poly-Optical Products Inc. (10%) (fiber-optic components)	0.4
Takara Shuzo Co., Ltd.	Honolulu Sake Brewery and Ice Co. (sake/soy sauce)	0.3
Fanuc Ltd.	General Electric Co.'s automation controls division (45%)	n.a.
Hitachi Cable, Ltd.	Phalo Corp.'s cable division	n.a.
Kawasaki Steel Corp.	California Steel Industries Inc. (25% for total of 50%) (steel sheets/coils)	n.a.
Kobe Steel, Ltd.	GCA Corp.'s laser inspection equipment division	n.a.
Osaka Titanium Co., Ltd.	U.S. Semiconductor Corp. (silicon wafers)	n.a.
Shibuya Kogyo Co., Ltd.	Kris-Tech Corp. (packaging machines)	n.a.
Shizuki Electric Co., Ltd.	TRW Inc.'s capacitor division	n.a.
Sumitomo Heavy Industries, Ltd.	FMC Corp.'s construction equipment business (49%)	n.a.
Sumitomo Heavy Industries, Ltd.	Radiation Dynamics, Inc. (electron beam accelerators)	n.a.

1986 Transactions (continued)

Investor	Manufacturer	Amount
Takatori Corp.	Intech Corp. (hosiery finishing machinery)	n.a.
Tateho Chemical Industries Co., Ltd.	Combustion Engineering Inc.'s Greeneville, TN fused magnesium plant	n.a.
Toshiba Corp.	Minnesota Mining and Manufacturing Co.'s Mitchell, SD copier toner plant	n.a.
Yazaki Corp.	VDO Adolf Schindling AG's Winchester, VA automotive instrument panel plant (50%)	n.a.

1985 Transactions

Minebea Co., Ltd.	New Hampshire Ball Bearings Inc.	$110.0
NTN Toyo Bearing Co., Ltd.	Federal Mogul Corp.'s bearings operations (60%)	54.0**
Fujisawa Pharmaceutical Co., Ltd.	LyphoMed Inc. (22.5%) (injectable drugs)	26.3
Hosokawa Micron Corp.	U.S. Filter Systems Inc. (filter media, bags/cloths)	25.0**
Nisshin Steel Co., Ltd.	Thinsheet Metals Co.	20.0
Nippon Kokan K.K.	General Electric Co.'s Great Western Silicon division	15.0
Minebea Co., Ltd.	Harris Corp.'s Miami Lakes, FL power supply unit	12.4**
Mitsubishi Corp.	Kux Manufacturing Co. (lettering, decals/building signs)	12.5**
Koike Sanso Kogyo Co., Ltd./Nippon Sanso K.K.	BOC Group Inc.'s gas cutting tool division	10.0
Namco K.K.	Atari Games Inc. (majority interest) (video game machines)	10.0
Alps Electric Co., Ltd.	Apple Computer Inc.'s Garden Grove, CA keyboard plant	9.9**
Kawasaki Steel Corp.	NBK Inc. (silicon wafers)	9.4
Kawasho Corp.	Alerco Manufacturing Co. (metal building products)	8.6
Toray Industries, Inc.	Trea Industries Inc. (polypropylene film)	8.0
Mitsubishi Electric Corp.	General Electric Co.'s and Westinghouse Electric Corp.'s discrete devices operations (10%)	5.0
Nissho Iwai Corp.	Berwick Steel Co. (steel processing)	5.0
Kawasaki Steel Corp.	General Electric Co.'s steam injection pipe division (75%)	4.5
Barudan Co., Ltd.	Meistergram, Inc. (monogramming/embroidery machinery)	4.0
Marubeni Corp.	Bleim Steel Co. (steel processing)	4.0
Fujisawa Pharmaceutical Co., Ltd.	PMP Fermentation Products Inc. (enzymes/chelating agents)	3.2
Nippon Mining Co., Ltd.	Koltron Corp. (36.7%) (lead frames for integrated circuits)	1.0
Aderans Co., Ltd.	Charles Alfieri Inc. (hairpieces)	0.1**
Mitsubishi Corp.	SiScan Systems Inc. (25%) (semiconductor test equipment)	n.a.
Nippon Steel Corp.	Electro-Plasma, Inc. (75%) (plasma spray equipment)	n.a.
Nitto Seiko Co., Ltd.	VSI Automation Assembly, Inc. (riveting machines)	n.a.
Sumitomo Corp.	Industrial Metals Corp. (steel processing)	n.a.
Suntory Ltd.	Kentwood Spring Water Inc. (bottled water)	n.a.
Tsuzuki Spinning Co., Ltd.	Avondale Mills Inc.'s Eufaula, AL cotton yarn plant	n.a.

Selected Transactions Before 1985

Investor	Manufacturer	Year	Amount
Nippon Kokan K.K.	National Steel Corp. (50%)	1984	$292.0
Fujitsu, Ltd.	Amdahl Corp. (19.5% for total of 46%) (computer equipment)	1984	189.2
Matsushita Electric Industrial Co., Ltd.	Motorola Inc.'s consumer electronics division	1974	108.0**
Suntory Ltd.	PepCom Industries Inc. (soft drinks)	1980	100.0
Bridgestone Corp.	Firestone Tire & Rubber Co.'s LaVergne, TN truck tire plant	1982	52.0
Dainippon Ink & Chemicals, Inc.	Polychrome Corp. (84%) (industrial chemicals, film/plates)	1979	52.0
Nippon Kokan K.K.	Martin Marietta Corp.'s Torrance, CA aluminum casting plant (40%)	1984	45.0
Suntory Ltd.	Chateau St. Jean (wine)	1984	40.0
Toyo Menka Kaisha, Ltd.	Chickasha Cotton Oil Co.	1981	28.8
Kawasaki Steel Corp.	California Steel Industries Inc. (25%) (steel sheets/coils)	1984	27.5
Nichiro Gyogyo Kaisha Ltd.	Peter Pan Seafoods Inc.	1979	23.5
Sumitomo Metal Industries, Ltd.	Tube Turns Inc. (steel forgings/engineered products)	1983	21.7**
Kirin Brewery Co., Ltd.	Coca-Cola Bottling Co. of Salem, New Hampshire	1982	16.5
Mitsui & Co., Ltd.	Diamond Shamrock Corp.'s feed additive division	1981	15.0
Murata Manufacturing Co., Ltd.	Erie Technological Products, Inc. (capacitors)	1980	14.0
Sanyo Electric Co., Ltd.	Warwick Electronics Inc. (75%) (televisions)	1977	13.8
Nippon Seiko K.K.	Hoover NSK Bearing Co. (50% did not own)	1975	10.6
Shin-Etsu Handotai Co., Ltd.	Hemlock Semiconductor Corp. (24.5%) (silicon)	1984	10.5**

Selected Transactions Before 1985 (continued)

Investor	Manufacturer	Year	Amount
Minebea Co., Ltd.	Hi-Tek Corp. (computer keyboards)	1983	$10.0
Tokyo Rope Manufacturing Co., Ltd., C. Itoh & Co., Ltd./Mitsubishi Corp.	Firestone Wire & Cable Co. (tire cord/bead wire)	1981	10.0
Dainippon Ink & Chemicals, Inc.	Kohl & Madden Printing Ink Corp.	1976	9.2**
Wacoal Corp.	Teenform Inc. (lingerie)	1983	8.5
Mitsubishi Corp.	Gifford-Hill & Co.'s PVC pipe operations	1982	7.0
Minebea Co., Ltd.	Pacific Propeller Inc. (aircraft propellers)	1982	6.0
Mitsui & Co., Ltd.	Superene Feed Supplement Corp.	1984	6.0
Toyota Motor Corp.	Atlas Fabricators Inc.'s truck cargo bed plant	1974	6.0
Nakano Vinegar Co., Ltd.	American Industries Co. (vinegar)	1981	5.5
Toyo Menka Kaisha, Ltd.	Diamond Perforated Metals Co. (80%)	1974	5.3
Minebea Co., Ltd.	Universal Magnetics, Inc. (motors)	1984	5.0
Minebea Co., Ltd.	P.R. Mallory & Co.'s Hansen Manufacturing division (electric motors)	1977	4.6
Daiichiya Baking Co., Ltd.	ITT Continental Baking Co.'s Hawaii plant	1981	4.3**
Takasago Corp.	International Flavors & Fragrance Inc.'s Teterboro, NJ food flavoring plant	1983	3.0
Toshiba Corp.	Maruman Integrated Circuits Inc.	1980	2.7
Koa Denko Co., Ltd.	Airco, Inc.'s Speer Electronics division (51%) (resistors)	1980	2.6**
Mitsubishi Chemical Industries, Ltd.	USR Chemicals Inc. (fluorescent material)	1981	2.3
Mitsuboshi Belting Ltd.	Chemi-Flex Inc. (polyurethane belts)	1979	2.0
Sekisui Chemical Co., Ltd.	Precision Polymers Inc.'s PVC pipe division	1978	2.0
Nippon Chemi-Con Corp.	Data Ray Corp. (video display monitors)	1983	1.8
Mitsubishi Chemical Industries, Ltd.	GAF Corp.'s X-ray intensifying screen division	1981	0.4
Nakano Vinegar Co., Ltd.	Merit Group's vinegar division	1983	0.4

*Covers transactions through early May 1988. Unless otherwise indicated, the Japanese investor acquired all shares of the listed American manufacturing company. Year refers to year the transaction was completed.
**Estimated.
***Pending.